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Consumer Price Index

A release from the Province of British Columbia's central statistical agency

REFERENCE DATE: MAY 2014

CONSUMER PRICE INDEX (2002=100) HIGHLIGHTS

British Columbia's consumer price index (CPI) climbed 1.5% in May, compared to the same month of the previous year. The rise follows a similar jump (+1.5%) in April, marking the third consecutive month of year-over-year increases.

Food prices advanced 2.1% in May, due to similar increases in the price of food purchased from grocery stores (+2.1%) and restaurants (+2.1%). Rising grocery prices were due chiefly to the rising costs of fish, seafood & other marine products (+9.0%), meat (+5.8%), fruit, fruit preparations & nuts (+3.0%), and vegetables & vegetable preparations (+2.8%).

Shelter costs (+1.1%) also increased in May, as the price for water, fuel & electricity (+9.1%) continued to climb. The price for rented accommodations rose 1.0% compared to May 2013, while prices for owned accommodations fell 0.5%.

The transportation price index moved up 1.6%, marking the third month of year-over-year increases. Higher costs for private transportation (+2.0%) were due partly to the climbing price of gasoline (+2.7%). In contrast, public transportation prices edged down 0.2%.

Compared to a year ago, consumers paid more for recreation, education & reading (+2.0%), while prices for clothing & footwear (+0.2%) remained relatively steady. Conversely, the cost of health & personal care products & services fell slightly (0.3%).

Consumer prices rose in Vancouver (+1.6%) and Victoria (+1.3%), with the inflation rate in both urban centres closely matching B.C.'s.

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Canada's CPI grew 2.3% in May, due to climbing prices in every province and territory. Six provinces recorded inflation rates of 2.5% or higher, with Ontario (+2.8%), Manitoba (+2.6%), and Newfoundland & Labrador (+2.6%) registering the largest price increases.

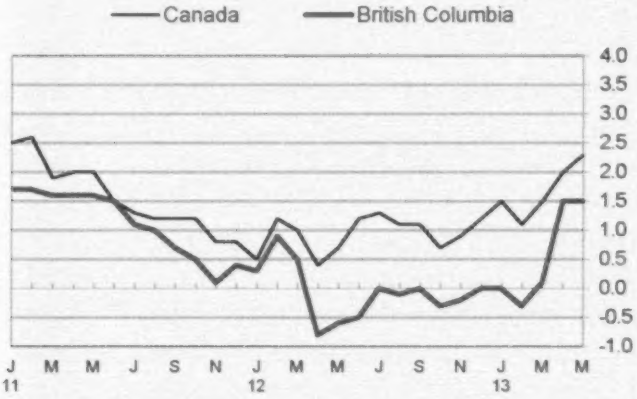
Note: Statistics Canada will release the June Consumer Price Index on July 18, 2014.

2002=100	All-Items Index	% Change from	
	May 2014	April 2014	May 2013
Canada	125.8	0.5	2.3
BC	119.7	0.6	1.5
Vancouver	121.2	0.4	1.6
Victoria	118.0	0.6	1.3
Core Canada[1]	123.3	0.5	1.7
BC (excluding energy)	116.2	0.5	1.2

[1] The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC AND CANADA INFLATION TREND

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in May 2014)	Latest 12-month Average % Change	2013 Annual Average % Change
Canada	123.7	1.3	0.9
BC	118.0	0.2	-0.1
Vancouver	119.6	0.3	0.2
Victoria	116.5	0.0	-0.3

TERMS AND DEFINITIONS

BASE EFFECT

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

TWELVE-MONTH PERCENT CHANGES

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

ANNUAL AVERAGE INDEX

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

LATEST TWELVE-MONTH AVERAGE INDEX

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

HARMONIZED SALES TAX

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

ADDITIONAL INFORMATION

More information about the concepts and use of the CPI is available online in the Statistics Canada publication Your Guide to the Consumer Price Index (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. Learn more

Prepared by: BC Stats, June 2014